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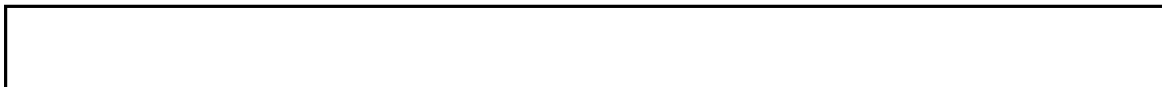
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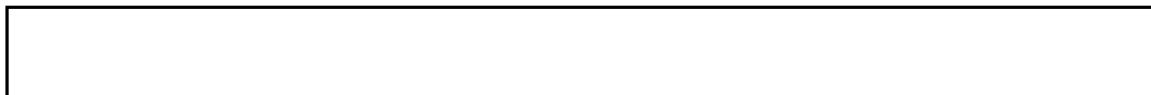
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Cambodia: [The government is signaling its willingness to improve relations with the Vietnamese Communists.]

[Phnom Penh has forbidden any further joint military planning between Cambodian and South Vietnamese officials or calls by Cambodians for South Vietnamese artillery or air support.]

this decision was dictated by Phnom Penh's desire to maintain a "neutralist" attitude.]

[A government communiqué of 1 April protesting recent South Vietnamese cross-border forays further reflects the government's efforts to persuade Hanoi that Phnom Penh wants to talk.]

[The government's initiatives may stem from a more sober assessment of the difficult position it has reached as a result of its anti-Vietnamese gyrations. It is probably greatly concerned over the possibility of increased Communist military and subversive pressure]

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[France-Indochina: [The Communists are likely to waffle in response to France's call for an international conference on Indochina.]

[Since the opening of the Paris peace talks in 1968, the French have refrained from publicly pressing their long-held view that the Vietnamese war is only one part of a broader crisis that requires a regional solution. The recent deterioration of both the Cambodian and Laotian situations, as well as the continued stalemate in the Paris talks, apparently convinced the French that a reassertion of their position has a good chance of being well-received by all parties concerned.]

[Like other participants in the proposed conference, the North Vietnamese will find it very hard to turn the French down cold, although they have usually taken the position that Indochina does not need such a forum--or indeed any outside interference at all--to work out its problems. They may in fact discern some advantage in being relatively forthcoming in their reply, believing that in keeping alive the possibility of a negotiated settlement, they would be encouraging friction between the US and the South Vietnamese. They could also see the proposal as a way of encouraging antiwar sentiment in the US and of bringing pressure to bear for a bombing halt in Laos and for the recognition of their present advantageous ground position there.]

[On the other hand, Hanoi must reckon with the possibility that US withdrawals from South Vietnam would be delayed if a conference were in the offing, as well as with the danger that the Saigon government might be able to consolidate its position while the talks dragged on. Moreover, they must view with some apprehension the prospect of going to the negotiating table with their Soviet and Chinese backers at odds.]

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[Unless they actually inspired the French initiative, the Communists probably will take some time hammering out their response while they assess reactions from other countries. If they do feel constrained to reply, they may combine an acceptance of the basic idea with some fairly steep preconditions, such as a demand for an end to US bombing in Laos and to B-52 raids in South Vietnam.]

[Moscow will almost certainly take its cue from Hanoi. The Soviets apparently have not been deeply involved in recent Cambodian developments, and they have shown no signs of interest in a conference lately. Moscow would probably prefer, however, to see the Indochina problem switched to the diplomatic arena.]

[Peking is probably unhappy over the French initiative because for some years it has opposed any move toward a negotiated end to the war. Nevertheless, if Hanoi approves of such a conference, Peking almost certainly would attend.]

[The Saigon government no doubt sees the French proposal as a Pandora's box of new challenges to its legitimacy and to its desire to carry on the war against the Communists. Its response, however, is likely to be tempered to avoid any outright rejection of a conference or any appearance of serious discord with the US.]

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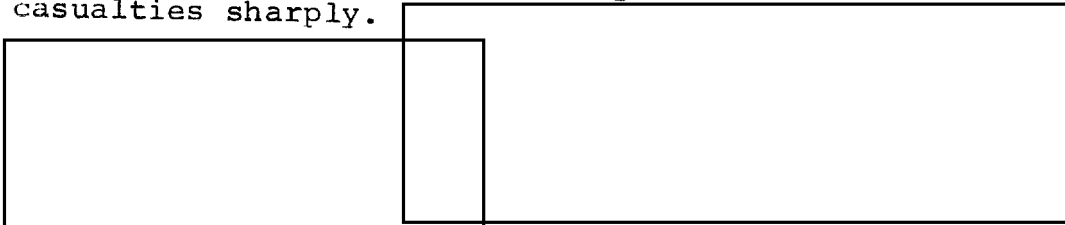
South Vietnam: Communist attacks on the night of 31 March were the heaviest of the past six months and roughly comparable to the flare-ups of 1969.

The Communists shelled more than 150 targets, including three provincial capitals, and several significant ground assaults occurred. In one of the heaviest actions, two enemy companies attacked a US field position not far from the Cambodian border north of Saigon, killing 19 US soldiers and wounding 43.

Preliminary unofficial casualty figures indicate that at least 38 Americans, 65 South Vietnamese, and several hundred Communists were killed.

Until a few days ago, most indications suggested the Communists were aiming at something less than a countrywide effort. However, Hanoi may have recently concluded that a larger show of strength would be useful to back up its tough stance on Cambodia and dampen Saigon's ardor for cross-border attacks. It may also have sought to create apprehension in the US about recent developments in Southeast Asia.

Such widespread, coordinated action demonstrates once again the viability of the Communist apparatus, the continued effectiveness of its command and control mechanisms, and its ability to increase allied casualties sharply.



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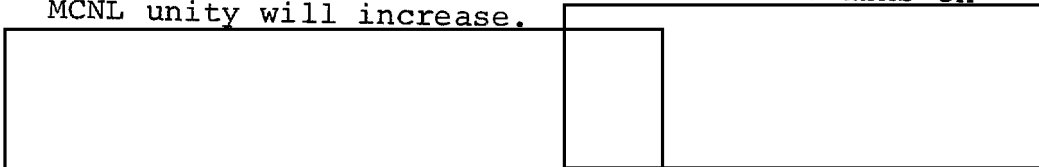
Mali-France: Disagreement over relations with France is again producing severe tensions within Mali's ruling Military Committee of National Liberation (MCNL).

At issue is the implementation of economic reforms required by a Franco-Malian agreement of 1967 that provided for the eventual full return of Mali to the franc zone. French displeasure with the slow pace of reform was bluntly stated in January, and reportedly aroused bitterness on both sides.

Since mid-March, the MCNL has met in almost continuous session to draft a program that will be acceptable domestically and also to the impatient French. At one recent session, a near crisis was provoked when a minority group pushed hard for closer collaboration with France.

Faced with strong domestic resistance, most MCNL members are reluctant to accede fully to French demands that Mali reform its unproductive state enterprises. Left-leaning labor unions and powerful groups within the overstaffed civil service are either ideologically committed to the present state system, or fear reform would cost them their jobs.

Additionally, some MCNL members regard the conditions placed on French aid as a threat to Mali's policy of nonalignment and, ultimately, to Malian independence. As the date for the next regular meeting of French and Malian officials on the accords nears--probably some time this month--strains on MCNL unity will increase.



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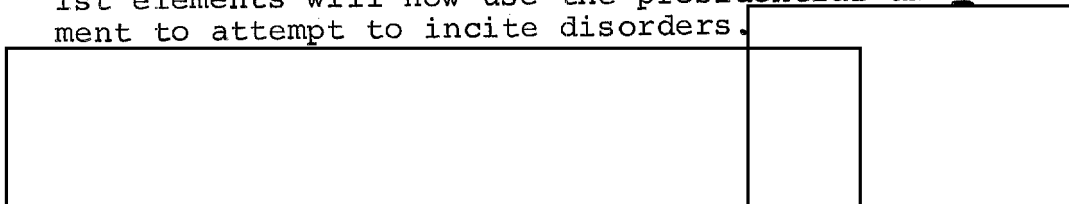
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Dominican Republic: President Balaguer's rejection of the opposition ultimatum that he resign increases chances for civilian-military clashes.

In a letter on 31 March, Balaguer flatly refused the demand that he resign for the balance of his term which expires in August. The President, a candidate for re-election in the 16 May elections, had earlier offered to step down temporarily from 16 April through election day but seven opposition parties threatened to abstain if he did not meet their conditions. The strategy is ostensibly designed to ensure fair elections.

In a separate communiqué, Balaguer vowed to go to the elections with or without opposition participation. In the face of the President's hard-nosed response, it is doubtful that the opposition's hastily formed coalition will hold up and some parties, sooner or later, will probably break the front and participate. Balaguer's stand, however, will further strengthen the belief of some factions that violence is the only effective weapon against the administration.

Continuing student and labor disorders have combined to keep the police and army on edge. Several dockworkers were killed during a demonstration Tuesday. Although the majority of the political parties, despite being backed into a corner, are probably not ready to abandon elections, Communist and some leftist elements will now use the presidential announcement to attempt to incite disorders.



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El Salvador: [The destruction of a key Salvadoran bridge near the Honduran border [redacted] has cut vehicular traffic along the Pan American highway.]

[The Salvadorans have been frustrated by the continued Honduran blockage of Salvadoran trade and angered by the relative lack of concern shown by the other Central American Common Market states whose traffic has not been hindered. By stopping all traffic along the highway, the Salvadorans hope to force Costa Rica, Guatemala, and Nicaragua to press Honduras to open its section of the highway to Salvadoran traffic.]

[This action, [redacted] is unlikely to attain its objective and may even backfire. The economic blockage is the trump card in Honduras' attempt to get El Salvador to settle the border dispute between the two countries. It will not be abandoned quickly.]

[The affected states will probably react by putting pressure on El Salvador rather than Honduras if there is a long delay in repairing the damage. This may take the form of retaliatory action that would further undermine the Common Market and complicate efforts to reform it [redacted]

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UN: [The recent session of the governing council of the UN Development Program (UNDP) may have improved chances of reforming the UN's technical assistance effort.]

[The meeting reached a consensus on the main points of the Jackson report, a recent critical study of UN aid operations. The report claims that 20 percent of current projects are "deadwood" and calls for a thorough revamping and strengthening of the UNDP.]

[When discussions turned to the specific language of the report, however, differences among the members emerged. The UNDP administrator is now preparing a number of papers dealing with some of the technical questions for presentation to the next regular session of the governing council in June.]

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Fedayeen - North Vietnam: [Fatah leader Yasir Arafat is now in Hanoi, presumably seeking weapons, propaganda support, and a more official status for the fedayeen. The North Vietnamese are unlikely to furnish Fatah any significant material support, although [redacted] for some time small numbers of guerrillas have been training in North Vietnam. Arafat's visit follows a week in Peking, where he was given a warm reception and met with Chou en-lai; China already supplies Fatah with some small arms and training, as well as enthusiastic propaganda backing. Arafat's current journey, along with his trip to Moscow last February, indicates his eagerness to tap all available sources of supply and gain wider international support [redacted]

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Peru: [A Vietnamese Communist delegation is scheduled to visit Lima this week, [redacted]

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[redacted] The delegation may wish to discuss the opening of an information office, and possibly the eventual establishment of diplomatic relations. Representatives from both North Vietnam and the South Vietnamese National Liberation Front may be in the group. This will be the first time an official Vietnamese Communist delegation has visited any Latin American country other than Cuba. [redacted]

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Philippines: The largest American-owned firm in the Philippines, Benguet Consolidated Incorporated, is beginning to sell up to 60 percent of its equity to Filipino investors. The firm's investments there total some \$120 million, primarily in mining. The move is in line with Manila's insistence that special rights granted US investors since independence be terminated by mid-1974 when the Laurel-Langley Agreement expires. That agreement allows US investors full ownership of firms engaged in exploiting natural resources; other foreigners are limited to only 40 percent participation in such operations. Benguet's action may encourage other US-owned firms operating in the Philippines to make similar moves.

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